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SUBJECT: UNSC CONSULTATIONS ON DEVELOPMENT FUND FOR IRAQ

Classified By: Ambassador Rosemary DiCarlo for reasons 1.4(b) and (d).

¶1. (SBU) Summary: In Security Council consultations on December 17, the UN Controller briefed on the recent International Advisory and Monitoring Board (IAMB) meeting, highlighting the Government of Iraq's (GOI) progress in developing a time-bound action plan to implement a comprehensive oil metering system. Council members provided brief interventions which voiced the need for transparency and accountability in relation to the current Development Fund for Iraq (DFI) and future successor to the DFI. The Ambassador DiCarlo formally introduced the DFI resolution which further extends the DFI and IAMB arrangements for an additional twelve months and is anticipated to be adopted on December 21. End Summary.

¶2. (SBU) In consultations on December 17, Assistant Secretary-General and Controller Jun Yamazaki briefed the Council, focusing on the most recent IAMB meeting held in Washington on December 16. Yamazaki highlighted the Iraqi Committee of Financial Expert's (COFE) update at the IAMB meeting on progress in developing a time-bound action plan to implement a comprehensive oil metering system. He reported that COFE has now received a revised, detailed plan from the Ministry of Oil, with the oil metering system scheduled to become fully operational by the end of 2011, with the exception of one company that will be completed by 2012. He noted that the action plan to implement the comprehensive oil metering system, as well as the implementation status, will be available shortly on the IAMB website ([www.iamb.info](http://www.iamb.info)) and COFE website ([www.cofe-iq.net](http://www.cofe-iq.net)). The Controller also noted that the IAMB discussed moves to "deposit potential disbursements" to Iraq from international financial institutions into the DFI and that the sense of the Board was that such deposits "might cause a conflict of interest for some IAMB members." (Note: While no further elaboration of these "potential disbursements" was provided, it is believed to be a reference to recent GOI investigations into depositing potential disbursements from the World Bank and/or the International Monetary Fund. End note.)

¶3. (C) With the exception of Libya, all Council members provided brief interventions which voiced the need for transparency and accountability in relation to the current DFI and future successor to the DFI. A number of delegations echoed the draft DFI resolution's call on the Iraqi Government to create and implement a transition plan for a DFI-successor mechanism. The UK and Japan reminded the Council of the Iraqi Government's continued responsibility for compensation to Kuwait, while Austria noted the Iraqi constitutional requirement for an oil fund that benefits Iraqi society in a fair and transparent manner.

¶4. (SBU) During the U.S. intervention, Ambassador DiCarlo introduced the DFI resolution which further extends DFI and IAMB arrangements for an additional twelve months. The resolution asks the Government of Iraq to provide periodic

progress reports to the Council and welcomes representatives from COFE to brief the Council on the establishment of a time frame and action plan to implement the recommendations of IAMB. Council members have reached consensus on the resolution which has been put in "blue" (ready for action) with adoption expected to take place on December 21.

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